“”“”

USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 4/16/2003

GAIN Report Number: MX3045

Mexico

Oilseeds and Products

Annual

2003

Approved by:
William L. Brant
U.S. Embassy Mexico City

Prepared by:
Benjamin Juarez/Gabriel Hernandez

Report Highlights:
For MY 2003/04, consumption and imports of oilseeds products are expected to continue to increase albeit at a slower pace than the previous year, as economic prospects augur a lower growth than previously expected. Similarly, imports of meals are projected to rise approximately 4.5 percent in MY 2003/04, fueled by the livestock industry's ongoing expansion. Total oil imports are projected to increase by 5 percent to reach 583 MT. Cottonseed production is forecast to increase, due to the expectation of federal government supports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1]
[MX]

Table of Contents

SECTION I. SITUATION AND OUTLOOK FOR OILSEEDS

Mexico's crushing industry continues to expand at a good pace, thereby spurring growth of oilseeds imports. Demand from the livestock sector also continues to grow. As a result of growing demand from these industries, consumption of oilseed products are forecast to increase in MY 2003/04, despite the expectation of some negative impacts from the Mexican economy. Mexico's economic growth to large extent is based on the growth of its trading partners, mainly the United States; whatever slowdown there is in the U.S. economy is doubly felt in the Mexican economy. Nevertheless, despite anticipation of a sluggish Mexican economy, industry specialists are forecasting a demand increase between one and 3 percent for these products. Consumer demand for meat is still up and driving the expansion of feed use in the hog, poultry, dairy and beef industries. Consumer demand for soybean oil is also expected to increase slightly.

Mexican soybean production is expected to remain unchanged in MY 2003/04 (August-September). Lack of water in the north western soybean producing regions (Sinaloa), insufficient government supports, and lack of credit, are the main reasons for this stagnation. As a result, the forecast for MY 2003/04 imports has been increased relative to the previous year based on increased demand and decreased production. The MY 2001/02 and MY 2002/03 import estimates remain unchanged. The domestic consumption figures for MY 2002/03 have been decreased to reflect official Mexican government data and industry information. Production estimates and the planted and harvested areas for MY 2001/02 reflect the latest official Mexican government data. The production estimate for MY 2002/03 has been revised downward to reflect updated official government and private trade source data.

Mexican cotton production is forecast at 300,000 bales in MY 2003/04. Area planted for MY 2003/04 is forecast at 60,000 ha, an increase of 50 percent from last year's level of 40,000 ha. Industry sources stated that if the Government of Mexico (GOM) increases its supports, such as the commodity-hedging program for cotton, and if there are good growing conditions, MY 2003/04 production could increase. According to the Confederation of Mexican Cotton Associations (CMCA), some government officials have indicated that the cotton supports could be increased in CY 2003. However, they also pointed out that if world cotton price levels continue to be depressed, production may only increase slightly in comparison to MY 2002/03 production. Sources indicated that Mexican farmers might find alternative crops such as corn and wheat more profitable planting options than cotton. Due to budget constraints, the official program to increase palm oil production in MY 2003/04 will continue to be limited.

U.S. exports of oilseeds are forecast to increase in MY 2003/04, albeit at a slower pace, but still enough to expand U.S. overall share of the Mexican market for these products. This upward trend is expected to continue for the foreseeable future. The United States continues to be the major oilseeds supplier, due to its geographic proximity coupled with its market promotion efforts and access to credit guarantees. Over the next three to five years, imports of U.S. oilseeds should increase, as Mexico's economy recovers from the slowdown of 2002 and early part of 2003. Although the government would like to achieve greater self-sufficiency in oilseed production, several factors limit Mexico's ability to expand production. First, soybean production takes place primarily in non-irrigated areas, which are subject to unpredictable weather conditions. Second, peanut production does not go to oil or meal, and rapeseed and sunflower production are nil. And third, the GOM's budget constraints will continue to hamper the GOM's program to increase palm oil production.

Consolidation in the crushing industry as well as greater investment in building infrastructure (crushing and refining plants) is expected to continue in the medium-term. Currently, five leading companies account for nearly 70 percent of total domestic production of the oilseeds crushing industry (Agydsa, Hidrogenadora Yucateca, Cargill de Mexico, Ragadsa, and ADM). According to industry sources, these five companies will undergo further consolidation in the next five years, including strategic alliances with medium- and small-sized companies seeking to gain greater market share.

SECTION II. STATISTICAL TABLES

PS&D TOTAL, OILSEEDS

PSD Table						
Country	Mexico					
Commodity	Oilseed, Total		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2001		2002		2003	
Area Planted	278	209	196	180	0	200
Area Harvested	238	128	117	97	0	116
Beginning Stocks	210	210	287	236	149	103
Production	403	350	328	291	0	321
MY Imports	5856	5864	5842	5810	0	6048
MY Imp. from U.S.	4354	4812	5035	5028	0	5164
MY Imp. from the EC	292	292	100	100	0	150
TOTAL SUPPLY	6469	6424	6457	6337	149	6472
MY Exports	3	3	4	1	0	2
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	5900	5935	6025	5944	0	6126
Food Use Dom. Consump.	206	217	210	221	0	223
Feed,Seed,Waste Dm.Cn.	73	68	69	68	0	68
TOTAL Dom. Consumption	6179	6185	6304	6233	0	6417
Ending Stocks	287	236	149	103	0	53
TOTAL DISTRIBUTION	6469	6424	6457	6337	0	6472
Calendar Year Imports	725	5718	500	5372	0	5356
Calendar Yr Imp. U.S.	0	4640	0	4479	0	4703
Calendar Year Exports	0	4	0	1	0	2
Calendar Yr Exp. to U.S.	0	3	0	4	0	0

PS&D OILSEEDS, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	09/2001		09/2002		09/2003	
Area Planted	90	46	76	60	0	60
Area Harvested	77	45	76	57	0	58
Beginning Stocks	181	181	156	102	133	70
Production	120	66	127	88	0	90
MY Imports	5410	4510	5000	5000	0	5150
MY Imp. from U.S.	4096	4433	4800	4800	0	4900
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4811	4757	5283	5190	133	5310
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	4610	4610	5100	5070	0	5220
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	45	45	50	50	0	50
TOTAL Dom. Consumption	4655	4655	5150	5120	0	5270
Ending Stocks	156	102	133	70	0	40
TOTAL DISTRIBUTION	4811	4757	5283	5190	0	5310
Calendar Year Imports	0	4474	0	4366	0	4500
Calendar Yr Imp. U.S.	0	4267	0	4160	0	4400
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX,OILSEED SOYBEAN

OILSEED, SOYBEAN H.S. 1201.0002 & 1201.0003		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	4,433
OTHER		OTHER	
		BRAZIL	44
TOTAL OF OTHER	0	TOTAL OF OTHER	44
OTHERS NOT LISTED	0	OTHERS NOT LISTED	32
GRAND TOTAL	0	GRAND TOTAL	4,509

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on September 2001 and ends August 2002.

PS&D OILSEEDS, PEANUT

PSD Table						
Country	Mexico					
Commodity	Oilseed, Peanut		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	09/2001		09/2002		09/2003	
Area Planted	78	78	80	80		80
Area Harvested	78	78	80	80		80
Beginning Stocks	0	0	0	0		0
Production	135	135	136	136		136
MY Imports	78	89	82	90		93
MY Imp. from U.S.	27	38	30	40		41
MY Imp. from the EC	0	0	0	0		0
TOTAL SUPPLY	213	224	218	226		229
MY Exports	3	3	4	1		2
MY Exp. to the EC	0	0	0	0		0
Crush Dom. consumption	4	4	4	4		4
Food Use Dom. Consump.	206	217	210	221		223
Feed,Seed,Waste Dm.Cn.	0	0	0	0		0
TOTAL Dom. Consumption	210	221	214	225		227
Ending Stocks	0	0	0	0		0
TOTAL DISTRIBUTION	213	224	218	226		229
Calendar Year Imports	0	38	0	92		95
Calendar Yr Imp. U.S.	0	28	0	41		42
Calendar Year Exports	0	4	0	1		2
Calendar Yr Exp. to U.S.	0	3	0	4		0

TRADE MATRIX, OILSEED PEANUT

OILSEED, PEANUT H.S. 1202.1099 & 1202.2001		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	5	U.S.	38
OTHER		OTHER	
		NICARAGUA	19
TOTAL OF OTHER	0	TOTAL OF OTHER	19
OTHERS NOT LISTED	0	OTHERS NOT LISTED	38
GRAND TOTAL	5	GRAND TOTAL	90

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on September 2001 and ends August 2002.

PS&D OILSEEDS, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Cottonseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	08/2001		08/2002		08/2003	
Area Planted (COTTON)	110	84	40	40	0	60
Area Harvested (COTTON)	82	82	40	40	0	58
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	5	5	5	9	4	11
Production	147	148	64	67	0	95
MY Imports	296	294	230	230	0	210
MY Imp. from U.S.	224	294	180	180	0	210
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	448	447	299	306	4	316
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	418	418	280	280	0	290
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	25	20	15	15	0	15
TOTAL Dom. Consumption	443	438	295	295	0	305
Ending Stocks	5	9	4	11	0	11
TOTAL DISTRIBUTION	448	447	299	306	0	316
Calendar Year Imports	0	304	0	269	0	245
Calendar Yr Imp. U.S.	0	304	0	269	0	245
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX, OILSEED COTTONSEED

OILSEED, COTTONSEED H.S. 1207.2099		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	1	U.S.	294
OTHER		OTHER	0
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	1	GRAND TOTAL	294

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on August 2001 and ends July 2002.

PS&D OILSEEDS, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Sunflowerseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Area Planted	0	1	0	0	0	0
Area Harvested	1	1	1	0	0	0
Beginning Stocks	14	14	5	4	7	1
Production	1	1	1	0	0	0
MY Imports	11	10	30	10	0	15
MY Imp. from U.S.	7	8	25	8	0	13
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	26	25	36	14	7	16
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	18	18	25	10	0	12
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	3	3	4	3	0	3
TOTAL Dom. Consumption	21	21	29	13	0	15
Ending Stocks	5	4	7	1	0	1
TOTAL DISTRIBUTION	26	25	36	14	0	16
Calendar Year Imports	0	17	0	9	0	16
Calendar Yr Imp. U.S.	0	17	0	9	0	16
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX, OILSEED SUNFLOWERSEED

OILSEED, SUNFLOWERSEED	H.S. 1206.0099	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	8
OTHER		OTHER	
		CANADA	2
TOTAL OF OTHER	0	TOTAL OF OTHER	2
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	10

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on October 2001 and ends September 2002.

PS&D OILSEEDS, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Rapeseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	10	121	121	5	21
Production	0	0	0	0	0	0
MY Imports	961	961	500	480	0	580
MY Imp. from U.S.	0	39	0	0	0	0
MY Imp. from the EC	292	292	100	100	0	150
TOTAL SUPPLY	971	971	621	601	5	601
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	850	885	616	580	0	600
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	850	850	616	580	0	600
Ending Stocks	121	121	5	21	0	1
TOTAL DISTRIBUTION	971	971	621	601	0	601
Calendar Year Imports	725	885	500	636	0	500
Calendar Yr Imp. U.S.	0	24	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OILSEED RAPESEED

OILSEED, RAPESEED H.S. 1205.0001 & 1205.9099		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	39
OTHER		OTHER	0
		CANADA	564
TOTAL OF OTHER	0	TOTAL OF OTHER	564
OTHERS NOT LISTED	0	OTHERS NOT LISTED	174
GRAND TOTAL	0	GRAND TOTAL	777

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on October 2001 and ends September 2002.

PS&D TOTAL, MEAL

PSD Table						
Country	Mexico					
Commodity	Meal, Total		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2001		2002		2003	
Crush	5524	5214	5576	5546	196	5706
Extr. Rate	0.8267611	0.8118527	0.8115136	0.8043635	0	0.8066947
Beginning Stocks	137	136	125	125	175	185
Production	4319	4233	4525	4461	0	4603
MY Imports	501	488	666	572	0	545
MY Imp. from U.S.	488	484	495	558	0	532
MY Imp. from the EC	0	0	0	1	0	0
TOTAL SUPPLY	4957	4857	5316	5158	175	5333
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	55	55	60	60	0	60
Feed,Seed,Waste Dm.Cn.	4777	4746	5081	4913	0	5088
TOTAL Dom. Consumption	4832	4801	5114	4973	0	5148
Ending Stocks	125	56	175	185	0	185
TOTAL DISTRIBUTION	4957	4857	5316	5158	0	5333
Calendar Year Imports	10	399	5	571	0	546
Calendar Yr Imp. U.S.	0	390	0	567	0	538
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Meal, Soybean			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	09/2001		09/2002		09/2003	
Crush	4610	4600	5100	5070	0	5220
Extr. Rate	0.793059	0.776087	0.794118	0.792899	0	0.793103
Beginning Stocks	137	136	125	125	175	185
Production	3656	3570	4050	4020	0	4140
MY Imports	382	380	550	450	0	420
MY Imp. from U.S.	380	380	398	440	0	410
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4175	4086	4725	4595	175	4745
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	55	55	60	60	0	60
Feed,Seed,Waste Dm.Cn.	3995	3975	4490	4350	0	4500
TOTAL Dom. Consumption	4050	4030	4550	4410	0	4560
Ending Stocks	125	56	175	185	0	185
TOTAL DISTRIBUTION	4175	4086	4725	4595	0	4745
Calendar Year Imports	0	285	0	471	0	440
Calendar Yr Imp. U.S.	0	285	0	471	0	435
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX MEAL SOYBEAN

MEAL, SOYBEAN	H.S. 2304.0001	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	380
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	380

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2002.
Note: MY starts on September 2001 and ends August 2002.

PS&D MEAL, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Meal, Cottonseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	08/2001		08/2002		08/2003	
Crush	418	418	280	280	0	290
Extr. Rate	0.454545	0.454545	0.453571	0.453571	0	0.448276
Beginning Stocks	0	0	0	0	0	0
Production	190	190	127	127	0	130
MY Imports	98	102	100	116	0	120
MY Imp. from U.S.	97	102	86	116	0	120
MY Imp. from the EC	0	0	0	1	0	0
TOTAL SUPPLY	288	292	227	243	0	250
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	288	292	227	243	0	250
TOTAL Dom. Consumption	288	292	227	243	0	250
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	288	292	227	243	0	250
Calendar Year Imports	0	103	0	93	0	100
Calendar Yr Imp. U.S.	0	103	0	93	0	100
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX MEAL COTTONSEED

MEAL, COTTONSEED	H.S. 2306.1001	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	102
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	102

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on August 2001 and ends July 2002.

PS&D MEAL, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Meal, Rapeseed		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Crush	850	850	616	580	0	600
Extr. Rate	0.547059	0.547059	0.547078	0.534483	0	0.546667
Beginning Stocks	0	0	0	0	0	0
Production	465	465	337	310	0	328
MY Imports	10	4	5	4	0	3
MY Imp. from U.S.	0	0	0	0	0	3
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	475	469	342	314	0	0
MY Exports	0	0	0	0	0	331
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	475	469	342	314	0	331
TOTAL Dom. Consumption	475	469	342	314	0	331
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	475	469	342	314	0	331
Calendar Year Imports	10	9	5	4	0	3
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Meal, Sunflowerseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Crush	18	18	25	10	0	12
Extr. Rate	0.444444	0.444444	0.44	0.4	0	0.416667
Beginning Stocks	0	0	0	0	0	0
Production	8	8	11	4	0	5
MY Imports	11	2	11	2	0	2
MY Imp. from U.S.	11	2	11	2	0	2
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	19	10	22	6	0	7
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	19	10	22	6	0	7
TOTAL Dom. Consumption	19	10	22	6	0	7
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	19	10	22	6	0	7
Calendar Year Imports	0	2	0	3	0	3
Calendar Yr Imp. U.S.	0	2	0	3	0	3
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D TOTAL, OIL

PSD Table						
Country	Mexico					
Commodity	Oil, Total			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2001		2002		2003	
Crush	6061	6056	6196	6105	0	6287
Extr. Rate	0.2174559	0.2176354	0.2059393	0.205733	0	0.2062987
Beginning Stocks	16	18	19	19	7	24
Production	1318	1318	1276	1256	0	1297
MY Imports	489	435	543	528	0	583
MY Imp. from U.S.	253	218	337	327	0	366
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1823	1771	1838	1803	7	1904
MY Exports	5	5	5	2	0	3
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	258	260	259	277	0	295
Food Use Dom. Consump.	1534	1479	1562	1495	0	1574
Feed,Seed,Waste Dm.Cn.	7	13	5	10	0	5
TOTAL Dom. Consumption	1799	1747	1826	1777	0	1874
Ending Stocks	19	19	7	24	0	27
TOTAL DISTRIBUTION	1823	1771	1838	1803	0	1904
Calendar Year Imports	11	415	12	521	0	512
Calendar Yr Imp. U.S.	0	202	0	262	0	299
Calendar Year Exports	0	4	0	3	0	3
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Oil, Soybean		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	09/2001		09/2002		09/2003	
Crush	4610	4600	5100	5070	0	5220
Extr. Rate	0.170716	0.170217	0.170588	0.170414	0	0.170498
Beginning Stocks	10	12	15	15	5	22
Production	787	783	870	864	0	890
MY Imports	161	107	275	250	0	280
MY Imp. from U.S.	157	107	275	250	0	280
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	958	902	1160	1129	5	1192
MY Exports	5	5	5	2	0	3
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	931	874	1145	1100	0	1160
Feed,Seed,Waste Dm.Cn.	7	8	5	5	0	5
TOTAL Dom. Consumption	938	882	1150	1105	0	1165
Ending Stocks	15	15	5	22	0	24
TOTAL DISTRIBUTION	958	902	1160	1129	0	1192
Calendar Year Imports	0	112	0	217	0	245
Calendar Yr Imp. U.S.	0	112	0	217	0	245
Calendar Year Exports	0	4	0	3	0	3
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL SOYBEAN

OIL, SOYBEAN H.S. 1507.1001 & 1507.9099		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	161
OTHER		OTHER	
TOTAL OF OTHER	4	TOTAL OF OTHER	0
OTHERS NOT LISTED	4	OTHERS NOT LISTED	0
GRAND TOTAL	4	GRAND TOTAL	161

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on September 2001 and ends August 2002.

PS&D OIL, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Oil, Sunflowerseed		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Crush	18	18	25	10	0	12
Extr. Rate	0.333333	0.333333	0.32	0.3	0	0.333333
Beginning Stocks	6	6	4	4	2	2
Production	6	6	8	3	0	4
MY Imports	45	45	30	30	0	38
MY Imp. from U.S.	45	45	30	30	0	38
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	57	57	42	37	2	44
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	53	53	40	35	0	41
Feed,Seed,Waste Dm.Cn.	0	5	0	5	0	0
TOTAL Dom. Consumption	53	53	40	35	0	41
Ending Stocks	4	4	2	2	0	3
TOTAL DISTRIBUTION	57	57	42	37	0	44
Calendar Year Imports	0	55	0	17	0	23
Calendar Yr Imp. U.S.	0	55	0	17	0	23
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL SUNFLOWERSEED

OIL, SUNFLOWERSEED H.S. 1512.1101 & 1512.1999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	19	U.S.	40
OTHER		OTHER	
TOTAL OF OTHER	1	TOTAL OF OTHER	0
OTHERS NOT LISTED	1	OTHERS NOT LISTED	0
GRAND TOTAL	20	GRAND TOTAL	40

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2002.
Note: MY starts on October 2001 and ends September 2002.

PS&D OIL, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Oil, Rapeseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	10/2001		10/2002		10/2003	
Crush	850	850	616	580		600
Extr. Rate	0.388235	0.388235	0.387987	0.382759		0.383333
Beginning Stocks	0	0	0	0		0
Production	330	330	239	222		230
MY Imports	94	94	45	45		47
MY Imp. from U.S.	40	55	20	35		36
MY Imp. from the EC	0	0	0	0		0
TOTAL SUPPLY	424	424	284	267		277
MY Exports	0	0	0	0		0
MY Exp. to the EC	0	0	0	0		0
Crush Dom. consumption	0	0	0	0		0
Food Use Dom. Consump.	424	424	284	267		277
Feed,Seed,Waste Dm.Cn.	0	0	0	0		0
TOTAL Dom. Consumption	424	424	284	267		277
Ending Stocks	0	0	0	0		0
TOTAL DISTRIBUTION	424	424	284	267		277
Calendar Year Imports	0	61	0	88		28
Calendar Yr Imp. U.S.	0	26	0	20		21
Calendar Year Exports	0	0	0	0		0
Calendar Yr Exp. to U.S.	0	0	0	0		0

TRADE MATRIX OIL RAPESEED

OIL, RAPESEED H.S. 1514.1001, 1514.1999, 1514.9099 & 1514.9999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	35
OTHER		OTHER	
		CANADA	9
TOTAL OF OTHER	0	TOTAL OF OTHER	9
OTHERS NOT LISTED	0	OTHERS NOT LISTED	1
GRAND TOTAL	0	GRAND TOTAL	45

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on October 2001 and ends September 2002.

PS&D OIL, COCONUT

PSD Table						
Country	Mexico					
Commodity	Oil, Coconut		(1000 HA)(1000 MT)			
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	01/2001		01/2002		01/2003	
Crush	165	170	175	165	0	165
Extr. Rate	0.690909	0.694118	0.565714	0.648485	0	0.648485
Beginning Stocks	0	0	0	0	0	0
Production	114	118	99	107	0	107
MY Imports	11	11	12	4	0	6
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	125	129	111	111	0	113
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	80	82	76	76	0	77
Food Use Dom. Consump.	45	47	35	35	0	36
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	125	129	111	111	0	113
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	125	129	111	111	0	113
Calendar Year Imports	11	11	12	4	0	6
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL COCONUT

OIL, COCONUT H.S. 1513.1101 & 1513.1999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	0
OTHER		OTHER	
		PHILIPPINES	5
TOTAL OF OTHER	0	TOTAL OF OTHER	5
OTHERS NOT LISTED	0	OTHERS NOT LISTED	3
GRAND TOTAL	0	GRAND TOTAL	8

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2002.
Note: MY starts on January 2002 and ends December 2002.

PS&D OIL,COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Oil, Cottonseed			(1000 HA)(1000 MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	08/2001		08/2002		08/2003	
Crush	418	418	280	280	0	290
Extr. Rate	0.167464	0.167464	0.164286	0.164286	0	0.165517
Beginning Stocks	0	0	0	0	0	0
Production	70	70	46	46	0	48
MY Imports	11	11	12	12	0	12
MY Imp. from U.S.	11	11	12	12	0	12
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	81	81	58	58	0	60
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	0	0	0	0	0	0
Food Use Dom. Consump.	81	81	58	58	0	60
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	81	81	58	58	0	60
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	81	81	58	58	0	60
Calendar Year Imports	0	9	0	8	0	10
Calendar Yr Imp. U.S.	0	9	0	8	0	10
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, PALM

PSD Table						
Country	Mexico					
Commodity	Oil, Palm		(1000 HA)(1000 TREES)(1000 MT)			
	2001 Revised		2002 Estimate		2003 Forecast	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
Market Year Begin	01/2002		01/2003		01/2004	
Area Planted	0	6	0	6	0	8
Area Harvested	0	6	0	6	0	8
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	11	11	14	14	0	18
MY Imports	167	167	169	187	0	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	178	178	183	201	0	218
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	178	178	183	201	0	218
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	178	178	183	201	0	218
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	178	178	183	201	0	218
Calendar Year Imports	0	167	0	187	0	200
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL PALM

OIL, PALM H.S. 15111001 & 1511.9099		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2001/2002 TO:		IMPORTS FOR MY 2001/2002 FROM:	
U.S.	0	U.S.	2
OTHER		OTHER	
		COSTA RICA	69
TOTAL OF OTHER	0	TOTAL OF OTHER	69
OTHERS NOT LISTED	0	OTHERS NOT LISTED	116
GRAND TOTAL	0	GRAND TOTAL	187

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2002.
Note: MY starts on January 2002 and ends December 2002.

FEED DEMAND STRATEGIC INDICATOR TABLE FOR MEXICO

MEAT PRODUCTION **Calendar Year:**	**1999**	**Last Year** **2000**	**Current Year** **2001**	**Out Year Forecast** **2002**
Poultry				
Poultry Meat:	1,784,000	1,891,000	1,986,000	2,187,936
Eggs:	1,829,000	1,879,000	1,898,000	2,043,436
Pork:	989,000	1,034,000	1,040,000	1,085,000
COMPOUND FEED SECTOR **Calendar Year:**	**1999**	**Last Year** **2000**	**Current Year** **2001**	**Out Year Forecast** **2002**
Compound Feed Capacity	28,600,000	30,030,000	31,531,000	N/A
Total Compound Feed Produced	19,335,000	20,301,000	21,316,000	N/A
------ by integrated producers	12,685,000	13,319,000	13,985,000	N/A
------ by commercial producers	6,650,000	6,982,000	7,331,000	N/A
FEED GRAIN USE **Marketing Year:**	**1999**	**Last Year** **2000**	**Current Year** **2001**	**Out Year Forecast** **2002**
Corn (Domestic consumption: feed)	4,400,000	8,600,000	8,858,000	9,300,000
Other (specify)	N/A	N/A	N/A	N/A
PROTEIN - ENERGY USAGE **Marketing Year:**	**1999**	**Last Year** **2000**	**Current Year** **2001**	**Out Year Forecast** **2002**
Total Protein Meal (feed waste domestic consumption)	4,284,000	4,476,000	4,610,000	4,913,000
Soy Bean Meal (feed waste domestic consumption)	3,500,000	3,600,000	3,708,000	4,350,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	784,000	876,000	902,000	823,000
Fish Meal	N/A	N/A	N/A	N/A
Palm Crude Oil (feed waste domestic consumption)	N/A	N/A	N/A	N/A
TRADE (Metric Tonnes) **Calendar Year:**	**1999**	**Last Year** **2000**	**Current Year** **2001**	**Out Year Forecast** **2002**
Corn				
Imports:	5,494,502	5,322,476	5,829,117	5,505,398
Exports:	11,568	3,985	7,334	157,396
Soy Beans				
Imports:	4,066,000	3,985,000	4,486,000	4,382,507
Exports:	796	1,728	156	327

Soy Bean Meal				
Imports:	217,970	133,298	284,926	470,947
Exports:	228	116	8,202	531
Fish Meal				
Imports:	2,671	2,724	2,778	N/A
Exports:	547	552	557	N/A
Palm Crude Oil				
Imports:	92,328	100,102	162,656	181,330
Exports:	0	2	0	0

PROTEIN PRODUCTS TARIFFS AND TAXES **Report Year: 2003**	**Product Description 1/**	**Bound Rate (%)**	**Applied Rate (%)**	**Other Import Taxes/Fees**
0505.90	FEATHER MEAL	37.4	13.0	N/A
1501.00.00.60	YELLOW GREASE	256.8	260.0	N/A
1502.00.00.40	INEDIBLE TALLOW	18.2	10.0	N/A
1511	PALM OIL	45.5	10.0	N/A
1518	ANML/VG FTS &OILS	45.5	10.0	N/A
2301.10	MEAT AND BONE MEAL	37.4	18.0	N/A
2301.20	FISH MEAL	37.4	18.0	N/A

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY, & MARKETING

OILSEEDS

Production

Overall oilseed production in Mexico is expected to increase approximately 12 percent in MY 2003, with a pronounced shift in the balance among different crops. Soybean production, which normally accounts for between 35 and 40 percent of all Mexican oilseed output is expected to drop 28 percent in 2003, due to low reservoir levels in three major dams in the Culiacan (Sinaloa) area and insufficient government supports. Increased production of cottonseed is expected to offset the decline in soybean production within aggregate statistics of total oilseeds production. Mexican producers view cotton as a potentially profitable crop given the expected higher government supports, which could encourage increases in cotton production. According to industry sources these supports could partially compensate the low international prices. MY 2003/04 peanut production is expected to remain practic ally unchanged from the previous harvest.

Despite the fact that the African palm oil program has grown slowly, due to budgetary problems, it is expected that 2,000 hectares will be in production in MY 2003/04. Currently approximately 6,000 hectares are producing in the sates of Tabasco, Veracruz, Campeche and Chiapas – well below the program's objective of having 20,000 ha in production by 2002.

On February 20, 2003, SAGARPA announced it will pay producers of soybeans, cotton and other crops 905 pesos per hectare (US$ 93/acre) during the 2002/03 spring/summer and the 2002/03 fall/winter planting seasons under its domestic support program, PROCAMPO. This payment is 3.5 percent greater than what SAGARPA paid during the same period in 2001/02. The announcement also indicates that farmers with producing areas of between one and five hectares will receive 1,030 pesos per hectare (US$ 106/acre).

Soybean Production

Low profit margins, insufficient government supports, dry growing conditions in some parts of the north, and general market uncertainty are the primary reasons why soybean production is expected to remain unchanged. Tamaulipas was the major soybean producing state for the 2002 spring/summer crop. Higher planted area and favorable weather conditions in the early stages of the 2002 spring/summer crop (harvest in fall/winter) in Tamaulipas, increased soybean production in that state by more than 60 percent. In Chiapas, soybean producers planted only 9,000 hectares in the 2002 spring/summer crop, compared to almost 12,000 in the same crop a year earlier. As a result of normal weather conditions, however, yields in Chiapas in 2002 spring/summer crop were similar to those in the 2001 spring/summer crop -- 2.3 MT/ha. Production of soybeans, by state, for the 2002 spring/summer crop year is as follows:

PRODUCTION OF SOYBEANS, BY STATE, FOR THE 2002 SPRING/SUMMER CROP YEAR

State	Area Planted (Hectares)	Area Harvested (Hectares)	Production (MT)	Yield (MT/Ha)
Sinaloa	6,007	5,800	11,112	1.9
Tamaulipas	36,018	33,517	40,804	1.2
Chiapas	9,244	9,244	23,076	2.5
San Luis Potosi	4,567	4,131	6,220	1.9
Veracruz	2,514	2,259	4,066	1.8
Other	1,084	929	1,703	1.8
TOTAL	59,434	55,880	86,981	1.5

Source: Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA)

MY 2001/02 and MY 2002/03 production estimates as well as planted and harvested areas, have been lowered based on official SAGARPA data.

Cottonseed Production

Mexican cotton production for MY 2003/04 is forecast to increase from the previous year's revised estimate to 300,000 bales, due to expected federal and state government assistance programs. For MY 2001/02 and MY 2002/03, cottonseed production has been revised downward, due to less area planted and lower yields from reduced inputs.

According to the Confederation of Mexican Cotton Association, cotton farmers have increased their planting intentions, based on the assumption that the Mexican government is going to increase its supports. The last report of the Confederation indicates that production would total 300,000 bales planted in approximately 60,000 ha in MY 2003/04. Planted and harvested area estimates for MYs 2001/02 and 2002/03 have been revised downward to reflect official data from the SAGARPA.

Peanut Production

Peanut Production is forecast to be 136,000 MT in MY 2003 -- the same as MY 2002. Production has remained stable over the past several years and is expected to remain unchanged in the near term. The main growing states are Puebla, Oaxaca, Sinaloa and Chihuahua. It should be noted that for the 2002 crops, SAGARPA has not published official data on peanuts. According to industry sources, the majority of peanuts are processed and packed in 500-gram bags for retail sale more than used to produce oilseeds by-products (oil and meal). There are many peanut processors, who process and pack main brands such as Mafer, Sabritas, Barcel, Nippon and Planters.

Consumption, Total

Domestic oilseed products consumption for MY 2003/04 is estimated to increase to 6.417 MMT. Several sources in the industry are of the opinion that oilseed products consumption will grow because of the livestock sector's dynamic performance. Although economic recovery is expected to be slow, the Mexican feed millers association expects that feed consumption will increase more than 4 percent, due to strong demand from the livestock industry. Mexico's broiler and turkey meat sectors, for example, are anticipating growth of 5 and 7.7 percent, respectively, in MY 2003/04. The poultry industry is a major consumer of oilseeds meals (soybean meal, mainly). Another important end-user of oilseed meals is the swine industry. This sector can be divided into two production channels: commercial and informal, with the former accounting for more than 70 percent of production. According to industry sources, domestic pork production is expected to grow 2 percent in MY 2003.

Soybean consumption is expected to continue to rise as a result of higher demand for oilseed products. Increased domestic crush capacity is seen as driving the demand for imported beans over imports of oils and meals from the United States, the European Union, and South America. The Mexican crushing industry will continue to concentrate as smaller, inefficient crushers continue to go out of business and larger crushers expand capacity and gain greater market share. Crushing margins are expected to increase as the more efficient crushers control a larger part of the market. The soybean consumption estimate for MY 2002/03 has been revised downward, based on more current industry information.

MY 2003/04 cottonseed and rapeseed consumption are forecast to increase slightly, reflecting the continued growth in the domestic demand for livestock products. Consumer demand for meat and dairy products is up and will continue to drive expansion for feed in the hog, poultry, dairy and beef industries. Consumption estimates for cottonseed for MYs 2001/02 and 2002/03 have been revised downward, according to industry sources. Similarly, the rapeseed consumption estimate for MY 2002/03 has been revised downward based on current industry information.

For sunflower seed consumption, the MY 2002/03 estimate has been revised downward based on SAGARPA information. Importers have continued to shift from sunflower seed to soybean purchases, due to attractive soybean prices and the availability of credit from soybean suppliers. For MY 2003/04, sunflower seed consumption is expected to increase slightly, due to better prices.

Trade Total

The U.S. continues to be the main supplier and has increased its market share to 82 percent in MY 2002/03. This trend is expected to continue in MY 2003/04, given the geographic proximity of the United States. Mexico's import decisions for oilseeds and products continue to be based on price and the availability of credit, rather than on quality or strong consumer preference. For MY 2003/04, Mexico's soybean imports are expected to be up by about 3 percent. The main factor supporting this increase is the expected expansion of Mexico's poultry and hog sectors. It should be noted that the MY 2003/04 soybean import estimate assumes that the Government of Mexico will not enforce any regulation against transgenic soybeans. Controversy surrounding transgenic seeds and biotechnology has risen and fallen in the last year, as anti-biotech groups have lobbied Congress – so far unsuccessfully -- to pass trade-restrictive legislation. Mexican consumers seem to be unaware or disinterested in the biotechnology debate and its potential trade implications.

The canola import estimate for MY 2002/03 has been revised downward, according to the most recent data from the Secretariat of Economy (SE). Canola is counted in the rapeseed

PSD. According to industry sources, the sharp contraction in imports reflects the high international prices. Imports, however, are forecast to rebound from 480,000 MT in MY 2002/03 to approximately 580,000 in MY 2003/04. This is largely due to the fact that Canadian canola supplies are expected to rise and international prices subsequently to decrease as a result of larger supplies. Canada has continued to be the primary canola supplier to the Mexican market.

The MY 2001/02 and MY 2002/03 sunflower seed import estimates have been adjusted downward based on newly-released data from the SE and unfavorably high international prices. However, for MY 2003/04, sunflower seed imports are forecast to recover, due to a combination of consumer preference and more affordable prices.

Under NAFTA, the United States established a duty-free TRQ for Mexican peanuts (shelled/in-shell). This TRQ quantity has increased 3 percent per year and over-quota duties have declined by 15 percent each year between 1994 and 2000, until their complete phase-out in 2008. Mexican suppliers should easily fill the NAFTA peanut quota of 4,406 MT in 2003. The MY 2002/03 peanut export estimate has been revised downward based on official SE data. The United States has been the leading supplier of peanuts. MY 2003/04 imports are forecast to increase to 93,000 MT.

Marketing

Price will continue to be the overriding factor in marketing oilseed products, as oilseed demand is price elastic, thereby encouraging substitution among competing oilseed products. Mexico will continue to be a net importer of oilseeds and the United States will continue to be the principal supplier.

OIL MEALS

Production

For MY 2003/04, production is expected to rise approximately 3 percent, due to higher bean imports and increased domestic crushing capacity. During the last few years, domestic investments to modernize and improve operations by the major local crushing companies have continued, despite the economic slowdown. Agydsa, for example has invested in new plants in Guadalajara and Veracruz, while Ragadsa increased its refining capacity in Monterrey in CY 2002. Soybeans accounted for 89 percent of total meal production in MY 2002/03 and is expected to remain more or less the same in MY 2003/04.

Consumption

Total oilseed meal consumption increased in MY 2002/03, due primarily to expansion of the poultry industry. For MY 2003/04, consumption is expected to increase by nearly 4 percent. For example, MY 2002/03 Mexican poultry meat production reflects an increase of approximately 6 percent compared to MY 2001/02 production. Also swine production is expected to improve slightly, due to a higher number of specialized swine plants and better integration of swine producer associations in slaughtering and marketing activities. For MY 2003/04, this increase is expected to continue, due to the expanding poultry industry, albeit at a slower rate than during the MY 2002/03. Soybean meal is used primarily by the poultry and pork industries in feed rations. The estimate for MY 2002/03 soybean meal consumption has been reduced based on updated information.

In line with more recent information obtained from official sources, MY 2001/02 and MY 2002/03 consumption estimates of sunflower seed and rapeseed meal were decreased. In both cases the decreases reflect unattractive high prices. For MY 2003/04, however, the increased demand from the dairy industry should raise consumption levels. The dairy industry is the principal end-user of both rapeseed and cotton meal. In the case of cottonseed meal, the consumption figures for MY 2001/02 and MY 2002/03 have been revised upward. MY 2003/04 imports are forecast to increase, due to expansion in the dairy industry. The demand for oil meals by the cattle industry should also rise. Cattlemen with medium and small sized herds are gradually increasing their herds. Soybean meal is, and is likely to continue to be, the meal of choice in the poultry and pork industries. Rapeseed meal consumption should continue to account for 6 percent of total meal consumption.

Trade

For MY 2003/04, oil meal imports should continue at approximately 10 to 11 percent of total Mexican consumption, reflecting the higher domestic crushing capacity. In MY 2001/02, imported meal accounted for 10.2 percent of total meal consumption, while in MY 2002/03 it accounted for 11.5 percent. However, in MY 2003/04 it is expected to decrease to 10.6 percent. The soybean meal import estimate for MY 2002/03 has been revised downward to reflect the most recent trade data from SE. This downward trend is expected to continue as shown by the MY 2003/04 import forecast, due to higher domestic production replacing imported soybean meal. According to Mexican official data, the United States is the only supplier of oil meals to the Mexican market.

The MY 2001/02 and MY 2002/03 rapeseed and sunflower seed meal import estimates were revised downward, reflecting new official information from SE. Similarly, the cottonseed meals import estimate for MYs 2001 and 2002 were revised upward, in line with the SE´s official data.

OILS

Production

Production for MY 2003/04 is expected to increase by 3.5 percent, due to increased demand by the domestic crushing industry. Soybean oil remains the major oil produced domestically, accounting for 69 percent of total production. For the past year, about 98 percent of domestically produced soybean oil was extracted from imported U.S. soybeans. According to trade sources, crushers are operating at 70 percent of capacity. That figure is expected to continue unchanged in MY 2003/04. The soybean production estimate for MY 2002/03 was revised downward based on new industry information. Rapeseed oil production is expected to increase slightly in MY 2003, due to increased imports of seed. The rapeseed oil production figure for MY 2002/03, however, was revised downward based on revisions by SAGARPA. Similarly, the sunflower seed oil production estimate for MY 2002/03 was revised downward, reflecting new official information of SAGARPA. Production of sunflower seed oil as well as palm oil are forecast to increase in MY 2003/04.

Consumption

Oil consumption is expected to increase 5.5 percent in MY 2003/04, due to increased demand from both the industrial and retail sectors. There is strong competition among medium and small refiners and crushers to increase market share at the retail level. Reductions in price and bottle sizes are the main practices used to gain greater market share at the retail level. Instead of using bottles with one liter capacity, some medium and small companies are bottling in bottles of 900 milliliters, to reduce retail prices. Total oil consumption figures for MYs 2001/02 and 2002/03 have been revised downward from previous estimates, due to lower-than-expected crush levels and stable demand. Soybean oil continues to dominate the Mexican market and expects to maintain in MY 2003/04 the approximate 62 percent market share it had in MY 2002/03. Most oil consumption continues to be accounted for by the food processing and oil blending industries. Marketing efforts have continued to package and promote soybean oil as a retail vegetable oil in its own right. For example, Avefinsa, a Guadalajara company, has continued bottling pure soybean oil under the name Nutrioli – a label that is well-recognized in Mexico´s northern states. Rapeseed oil has reduced its market share to 15 percent in MY 2002/03, compared to its 24 percent market share a year ago, due to uncompetitive prices – a trend which is expected to continue in MY 2003/04. For palm oil, the consumption estimate for MY 2002/03 has been increased based on revisions by SAGARPA. According to industry sources, MY 2003/04 palm oil consumption is expected to increase by 8 percent from MY 2002/03, due to increased usage of palm and coconut oils by margarine producers.

Trade

As a result of the ongoing recovery of the Mexican economy, oil imports are forecast to rise by approximately 10 percent for MY 2003/04. Oil imports are expected to account for 31 percent of total consumption, slightly higher than a year before, due to increased demand for imported oils and affordable prices. Although slow in arriving, the economy recovery is expected to help increase the volume of oil imports in MY 2003/04. Imports of soybean oil in MY 2003/04 are again expected to account for 48 percent of total oil imports. The United States continues to be the main supplier of soybean oil into the Mexican market and, due to lower freight costs, should increase its share of the expanding import market. The MY 2002/03 soybean oil import estimate was revised downward, according to revised information from SE and industry. For coconut oil, the MY 2002/03 import estimate was revised downward based on revised Mexican data. Price continues to be the overriding factor in marketing vegetable oils and oilseeds in Mexico.